SENATE BILL No. 459

Introduced by Senator Pavley

February 21, 2013

An act to add Section 44266 to the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 459, as introduced, Pavley. Fuel-efficient vehicles: financial incentives: middle-income households.

Existing law requires the State Air Resources Board (state board), in conjunction with the State Energy Resources Conservation and Development Commission (energy commission), to develop and administer a program to provide grants to individuals, local governments, public agencies, state agencies, nonprofit organizations, and private businesses, to encourage the purchase or lease of a new zero-emission vehicle.

This bill would require the state board, in consultation with the energy commission, air pollution control and air quality management districts, and the Bureau of Automotive Repair, to submit a specified plan to the Legislature that identifies opportunities to utilize existing legal authorities to reduce fuel expenditures by middle-income households by accelerating the adoption of more fuel-efficient vehicles, as specified. The bill would require the state board to convene an advisory board to provide guidance in developing the plan, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Millions of residents are stuck in an energy trap without access to alternatives and are forced to spend more of their income on gasoline, repairs and maintenance, and financing for their cars than they spend on food, healthcare, and other critical expenses.

(b) The average household spends $8,300 on transportation every year, nearly $2,000 more than is spent on food, and $5,000 more than is spent on health care.

(c) In 2011, residents spent more than $1 billion on gasoline every week, of which almost two-thirds left the state.

(d) A resident who drives a 32-mile-per-gallon car instead of the average new vehicle will save over $3,000 in fuel expenses over five years, the average duration of vehicle ownership, and a resident who drives a typical zero-emission vehicle will save over $9,000 in fuel over the same number of years.

(e) Higher up-front purchase costs are one of the primary barriers to the adoption of more fuel-efficient vehicles, including low- and zero-emission vehicles.

(f) There is a direct correlation between increases in gasoline prices and increases in market prices for fuel-efficient vehicles, making it more difficult for potential car buyers to purchase more fuel-efficient vehicles when they are needed most.

(g) More fuel-efficient vehicles, including low- and zero-emission vehicles, certified to more stringent emissions standards provide significant public health benefits by reducing emissions of smog-forming and toxic air pollution, and are a critical solution to persistent air quality problems, particularly in air basins that historically fail to meet multiple National Ambient Air Quality Standards.

(h) Currently, the majority of new vehicle buyers and nearly 80 percent of zero-emission vehicle buyers in the state earn over $100,000 annually.

(i) Eighty percent of potential tax filers are unable to take full advantage of federal tax credits that reduce the purchase cost of plug-in electric vehicles.

(j) Current automotive lending practices generally fail to account for the decreased risk of default and enhanced credit-worthiness associated with buyers and lessors of more fuel-efficient cars, though some innovative creditors and nonprofit lenders have had success in the state and in other states issuing lower interest loans for fuel-efficient vehicles, including car buyers with subprime credit, who sometimes pay 30 percent interest on auto loans.

(k) It is in the public interest of the state to help residents out of the energy trap and into more fuel-efficient cars, including low- and zero-emissions vehicles, to reduce fuel expenditures, improve access to jobs, increase disposable income, and deliver broader public health, environmental, and economic benefits to the state.

SEC. 2. Section 44266 is added to the Health and Safety Code, to read:

44266. (a) On or before November 1, 2014, the state board, in consultation with the State Energy Resources Conservation and Development Commission, districts, and the Bureau of Automotive Repair, shall submit a plan to the Legislature that identifies opportunities to utilize existing programs and funding sources to reduce fuel expenditures by middle-income households by accelerating the adoption of more fuel-efficient vehicles, including, but not limited to, low- and zero-emission vehicles.

(b) (1) In developing the plan, pursuant to subdivision (a), the state board shall consider a wide range of opportunities, including, but not limited to, optimizing the use of existing funds, including the Air Pollution Control Fund, created pursuant to Section 43015; the Air Quality Improvement Fund, created by Section 44274.5; the Alternative and Renewable Fuel and Vehicle Technology Fund, created by Section 44273; the Vehicle Inspection and Repair Fund, created by Section 9886 of the Business and Professions Code; and the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code.

(2) Pursuant to paragraph (1), the state board shall consider all of the following, among other strategies, to cost-effectively optimize the use of existing special funds:

(A) Whether automotive dealers and lenders can be offered enhanced incentives to sell or lease more fuel-efficient vehicles, including low- and zero-emission vehicles.

(B) Whether consumer automotive loan terms can better reflect the correlation between vehicle fuel efficiency and loan performance, rewarding customers who choose more efficient vehicles with better terms that reflect reduced fuel expenditures.

(C) Whether public funds can be efficiently used to leverage more private investment.

(D) Whether the value of federal tax credits for plug-in electric vehicle purchases can be passed through to households lacking sufficient federal tax liability to claim the credits.

(E) Whether the Consumer Assistance Program, established pursuant to Section 44062.1 and administered by the Bureau of Automotive Repair, is achieving the maximum benefits.

(F) Whether enhanced point-of-sale rebates for middle-income households can increase the adoption of more fuel-efficient vehicles, including low- and zero-emission vehicles.

(c) (1) The state board shall convene an advisory board to provide guidance in developing the plan pursuant to subdivision (a).

(2) Membership of the advisory board created pursuant to paragraph (1) shall include, but is not limited to, experts in banking, consumer finance, automobile manufacturing, public health, environmental protection, transportation policy, consumer protection, and automobile retailing.

(3) The advisory board shall be subject to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

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